

## Message Text

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ORIGIN ARA-10

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DRAFTED BY ARA/CAR:WBWHEELER:HLM

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R 140103Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON

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E.O. 11652 N/A

TAGS: EIND, JM

SUBJ:SENATE SUBCOMMITTEE ON MULTINATIONAL CORPORATIONS

FOR AMBASSADOR

PROPOSE TO INCLUDE FOLLOWING REFERENCE TO JAMAICA IN ARA  
STATEMENT TO BE SUBMITTED TO CHURCH SUBCOMMITTEE ON JULY  
18. REQUEST YOU CABLE YOUR CONCURRENCE BY COB JULY 17.

QUOTE JAMAICA HAS THE LARGEST DOLLAR VALUE OF INVESTMENT  
INSURANCE COVERAGE OF THE COUNTRIES IN LATIN AMERICA AND  
THE CARIBBEAN: THERE WERE APPROXIMATELY DOLS. 480 MILLION  
OF EXPROPRIATION AND WAR RISK INSURANCE IN FORCE AS OF  
MARCH 31, 1973. THIS INSURANCE COVERS PRIMARILY INVEST-  
MENT IN BAUXITE AND ALUMINA PRODUCTION FACILITIES.  
SPECIFICALLY THE INSURANCE WAS ISSUED AT THE REQUEST OF THE  
INVESTING COMPANIES AND THE GOVERNMENT OF JAMAICA IN  
CONNECTION WITH THE ESTABLISHMENT OF FACILITIES FOR  
PROCESSING BAUXITE INTO ALUMINA. THE INVESTMENT SUPPORTED  
THE IMPORTANT JAMAICAN GOVERNMENT OBJECTIVE(ENDORSED BY  
BOTH MAJOR POLITICAL PARTIES) OF ACHIEVING MAXIMUM LOCAL  
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TRANSFORMATION OF BAUXITE TO ALUMINA WITH THE PURPOSE OF

MAXIMIZING BENEFITS TO THE JAMAICAN ECONOMY. FROM THE  
STANDPOINT OF OUR INTERESTS, THIS INVESTMENT HAS HELPED

TO ASSURE THAT THE UNITED STATES WILL HAVE A RELIABLE  
SOURCE OF SUPPLY OF ALUMINA. THE UNITED STATES IMPORTS  
NEARLY 90 PERCENT OF ITS BAUXITE REQUIREMENTS AND JAMAICA  
HAS BEEN THE PRIMARY SOURCE OF SUPPLY. WHILE THERE ARE  
ALTERNATIVE SOURCES THAT COULD BE DEVELOPED, THE  
PROXIMITY OF JAMAICAN RESERVES TO THE UNITED STATES IS  
AN IMPORTANT ECONOMIC AND STRATEGIC CONSIDERATION.  
MOREOVER, WE BELIEVE JAMAICA OFFERS A GOOD PROSPECT OF  
POLITICAL STABILITY. THE GOVERNMENT OF JAMAICA IS A  
PARLIAMENTARY DEMOCRACY WITH A SOUND JUDICIAL SYSTEM  
SUPPORTED BY A RELIABLE CIVIL SERVICE AND WITH TWO  
RESPONSIBLE AND CLOSELY MATCHED POLITICAL PARTIES.  
BOTH OF THE PARTIES HAVE ACTIVELY ENCOURAGED U.S.  
INVESTMENT AND HAVE ESTABLISHED A HISTORY OF DEALING IN  
A RESPONSIBLE MANNER WITH INVESTORS IN THE BAUXITE/ALUMI-  
NA INDUSTRY. I MIGHT ADD THAT JAMAICA IS ALSO ONE OF THE  
COUNTRIES WHICH HAS BECOME A SIGNATORY OF THE INTER-  
NATIONAL AGREEMENT ON THE SETTLEMENT OF INVESTMENT  
DISPUTES.

WHEN THE DECISION WAS MADE IN 1970 CONCERNING THE LAST  
MAJOR INSURANCE COVERAGE OF THE BAUXITE/ALUMINA INDUSTRY  
IN JAMAICA (SOME DOLS. 270 MILLION), THERE WAS CLOSE  
CONSULTATION BETWEEN OPIC, THE DEPARTMENT OF STATE IN  
WASHINGTON AND THE U.S. EMBASSY IN KINGSTON. THE PRIME  
MINISTER OF JAMAICA ENDORSED THE ISSUANCE OF THESE  
GUARANTEES, AND AFTER CAREFUL ASSESSMENT OUR EMBASSY  
IN KINGSTON AND THE DEPARTMENT CONCURRED IN THEIR  
ISSUANCE.UMQUOTE RUSH

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